PROFILE OF THE MONTANA WORKER

2003

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RESEARCH & ANALYSIS BUREAU
WORKFORCE SERVICES DIVISION
MONTANA DEPARTMENT OF LABOR & INDUSTRY

PROFILE OF THE MONTANA WORKER

Labor Day Report

September 2003

State of Montana

Judy Martz, Governor

Department of Labor & Industry

Wendy Keating, Commissioner

Ingrid Childress, Workforce Services Division Administrator

Bob Rafferty, Research and Analysis Bureau Chief

Annette Miller, Research and Analysis Manager

For more information contact:

Research and Analysis Bureau - Workforce Services Division

Department of Labor and Industry

PO Box 1728, 840 Helena Avenue

Helena, MT 59624-1728

Ph:406-444-2430 Fx:406-444-2638

Toll free:800-541-3904 TDD:406-444-0532

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RESEARCH & ANALYSIS BUREAU

WORKFORCE SERVICES DIVISION

MONTANA DEPARTMENT OF LABOR & INDUSTRY

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Overview

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OVERVIEW

By Phil Brooks

Chief Economist

Research and Analysis Bureau

Workforce Services Division
Montana Department of Labor and Industry

Montana continues to experience positive growth in population, jobs and income. More people are living in Montana, more jobs are available, and those people working are earning more money. This growth, however, is not spread evenly across the state, and per capita (personal) income continues to rank near the bottom of states at 45th.

Statewide, 2001 to 2002

Payroll (wage and salary) employment covered by unemployment insurance increased 1.1 percent, or about 4,000 jobs, 2002 compared with 2001 (see page 13). The previous year (2001), growth was 1.3 percent (5,000 jobs), so Montana job growth slowed somewhat in 2002. Even though U.S. Gross Domestic Product increased in 2002, U.S. payroll jobs declined by about 1 percent (the jobless U.S. recovery). At the same time, the Montana unemployment rate remained at 4.6 percent of the workforce in 2002, the same as in 2001. The 2001 and 2002 unemployment rates were the lowest since 1970 when unemployment was 4.3 percent. The rate of unemployment has basically declined in Montana since1983 (graph on page 18).

Montana's total personal income increased by 4.0 percent in 2002, as compared with 4.9 percent for 2001 over 2000. Average income per person (per capita personal income) also increased for 2002 (3.6 percent), more than the inflation rate of 1.6 percent, and the second highest increase of any state. Inflation adjusted per capita income has increased since 1969 and before (see graph on page 8). The growth in jobs and inflation adjusted per capita income, coupled with stable unemployment, indicate that the economic welfare of Montanans, on the average, improved in 2002. The state's rank among all states for per capita income stayed at 45th, however. Montana's average income per person was 81 percent of the national average in 2002.

Population for Montana increased by about 4,100 people from July 2001 to July 2002, or 0.4 percent. The modest population increase last year consisted of about 2,400 more births than deaths, plus approximately 1,700 more people moved to the state than left it.

Statewide, 1990 to 2000

Taking a longer historical view, the population of Montana increased by about 103,000 between 1990 and 2000, or 12.9 percent. The experience of the 1990s was in sharp contrast to the 1980s, when total Montana population increased by only 12,000.

The 2000 population was much older, on average, than the 1990 Montana population. Median age increased to 37.5 years as compared with 33.8 years in 1990. The U.S. median age was 35.3 years in 2000. Montana's median age was higher than the U.S. median, primarily because Montana had a larger proportion of people 45 years and older, along with fewer people 25 through 34 years old, and less than 10 years old.

The increase in the principal working age population (16 through 64) was about 87,000 between 1990 and 2000. The baby-boom generation (age 35 through 53 in year 2000) accounted for almost half (46 percent) of the prime working age population in 2000. A small portion of the leading edge of this group is starting to retire and leave the workforce. This will accelerate over the next 10 to 15 years. The baby-bust group (age 23 through 34 in 2000) is fewer in number and is at an age of high participation in the workforce. The echo-boomers (age 5 through 22 in 2000) are working their way through school and entering the labor force. The echo-boomers are smaller as a group as compared with boomers partially because of declining birth rates. A portion of the oldest members of this group started entering the workforce about 1994. Members of the echo baby-busters (less than age 5 in 2000) are either just entering school, waiting to enter school, or yet to be born. The labor force participation of this smaller group will start about 2011, the same time as the leading edge of boomers reaches age 65.

On the employment side, total jobs (including self-employed) increased by 124,000 from 1990 to 2000; the payroll jobs increase was about 88,000. The yearly jobs growth rates averaged 2.5 and 2.4 percent, respectively.

Uneven Population Growth Across the State

Over the 1990s, population growth was uneven across Montana. Between 1990 and 2000, 23 of Montana's 56 counties lost population, while 33 others experienced growth. Nearly all the counties losing population were in the eastern third and north central part of the state. Anaconda-Deer Lodge County in the western third of the state was the exception, declining 9 percent. This county has declined in population since 1960. Nineteen counties (all in the western third and south central portion of the state) experienced more than 10 percent population growth.

For the period 2000 to 2002, 37 counties lost population and 19 showed an increase. Because most of the larger counties were in the increase category, Montana overall had a population increase. Basically, only counties in a portion of south central and western Montana increased in population. Not all counties in the west grew in population, however. These declining counties were mostly in the southwest (Silver Bow, Deer Lodge, Beaverhead, and Powell Counties) plus Lincoln and Mineral Counties. The picture for just 2001 to 2002 is similar (see map on page 6).

Uneven Employment Growth Across the State

Employment growth also was uneven across the state for 2002. For payroll jobs covered by the unemployment insurance program (excludes self-employed, most of production agriculture, work-study jobs in higher education, railroads, the military and elected officials) for the period 2001 to 2002, 35 counties increased in employment, and 21 declined (see map on page 13). This pattern is similar to the pattern for 2000 to 2001 and other time periods. The 4 largest counties in employment accounted for nearly all the total statewide net increase of about 4,000 payroll jobs. These were: Yellowstone, Missoula, Gallatin, and Flathead. Employment increases and decreases in the other 52 counties cancelled each other in total.

For Yellowstone County, payroll jobs increased by approximately 1,400, down from a 2,100 increase for the 2000 to 2001 period. Growth was concentrated in private services (750), almost half of this was in health services. Construction was up 400, and retail trade added 300 jobs. Yellowstone County's 2002 employment growth rate was about 2.2 percent, twice the statewide rate of 1.1 percent.

Payroll jobs in Missoula County went up by about 1,000 and at a rate of 2.1 percent, almost twice the 2002 statewide rate. Jobs increased by 350 in retail trade, and by 200 at the University of Montana and for private services.

Gallatin County, the third largest county in total jobs since 1999, increased by about 900 payroll jobs in 2002, as compared with 700 for 2001 and 1,900 for 2000. Gallatin County's 2002 employment increase was concentrated in retail trade (400) and construction (300).

Flathead County, the fourth largest county in total jobs since 2000, had a payroll job increase of about 600 for 2002. This compares with roughly 1,100 jobs for 2001 and 1,800 for 2000. The 2002 increases were concentrated in private services (400); half of this increase was in health services. Given publicly announced 2003 layoffs at the Stream International call center (including closure at the end of August 2003), at the Columbia Falls Aluminum Company and at Semitool manufacturing, summer forest fires in and around Glacier National Park, with the related temporary curtailment of forest and manufacturing operations of Plum Creek Timber Company, a forecast for 2003 must be rather guarded for Flathead County.

Rosebud County led the group of 21 declining counties with a decline in payroll jobs of 140 jobs (3.2 percent). The decline occurred in the utilities industry. Cascade County (fifth largest in total jobs) lost approximately 110 civilian payroll jobs, 105 in the construction industry. Lewis and Clark County (sixth largest) shed roughly 80 payroll jobs, as a result of the well-publicized closure of the Asarco smelter and a decrease in state government jobs. Chouteau County had a decline of about 60 covered payroll jobs, mostly in local government along with the publicized nursing home closure in Big Sandy. Sweet Grass County also declined by roughly 60 jobs related to the publicized construction of a palladium/platinum mine. Sixteen other counties declined by less than 50 jobs for 2002.

Geographic Uneven Incidence of Unemployment

The incidence of unemployment is also distributed unevenly across Montana. For 2002, 8 counties had a relatively high unemployment rate of above 7 percent, with Big Horn County still the highest at about 15 percent (see map on page 19). This compares with 9 counties in 2001, 11 counties in 2000 and 13 counties in 1999 that had unemployment rates above 7 percent. Granite County dropped to just below 7 percent in 2002 (6.9 percent). Twenty-four counties, nearly half of all Montana counties, had rates below 4 percent (the very low national average rate for 2000), with Carter County being the lowest at 2.4 percent. Carter County also had the lowest unemployment rate for 1999, 2000 and 2001. Of the 8 high unemployment counties, 5 were counties with Indian reservations, where historically employment opportunities have been limited. Two of the other 3 counties were in western Montana (Lincoln, and Mineral). The economies of these western Montana counties are partially dependent on seasonal (part-year) industries such as logging and wood processing, recreation and tourism, and construction. The presence of seasonal industries in itself keeps the annual unemployment rate higher than it would be otherwise. Workers may be counted as unemployed for the months they are not working due to spring breakup, the off-season for tourism, winter weather and other factors. Lincoln County at 11.5 percent had the highest unemployment of the western counties in 2002. 2003 unemployment will be higher because of the closing of the Stimson plywood plant in Libby at the beginning of 2003.

Summary

This report shows that for the period of 2001 to 2002, employment increased on average statewide, the unemployment rate stayed the same, and inflation adjusted per capita income increased. Combined, these factors indicate that the economic welfare of Montanans generally improved in 2002. Compared with the nation, Montana's unemployment decreased while the national rate increased, jobs in Montana increased and U.S. employment decreased, but Montana's rank for state per capita income remained at a low 45th place.

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Who We Are

Profile of a Montana Worker

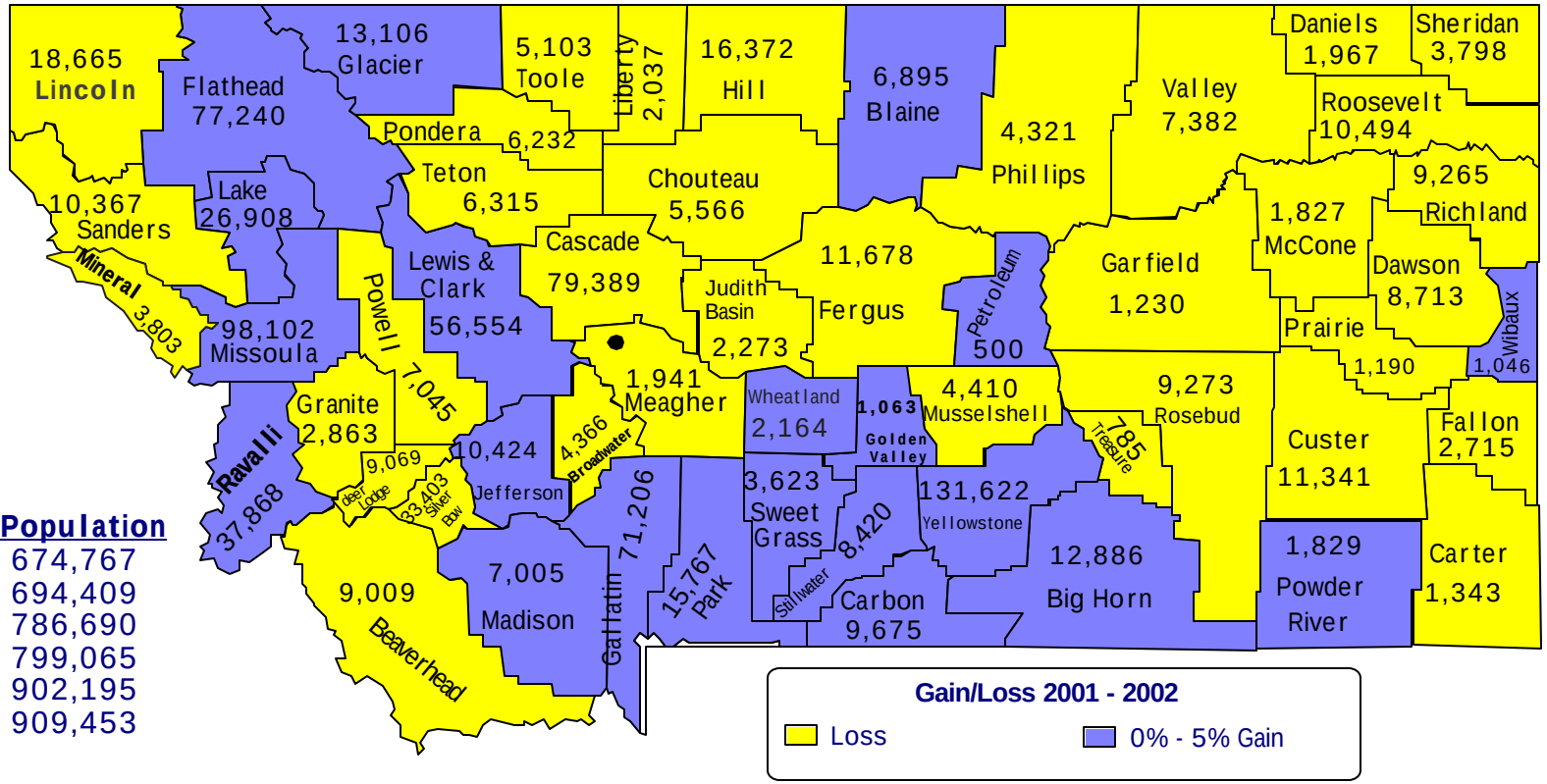
The Average Montana Worker . . .

- has a high school diploma (or equivalent) or some college, no degree
- is a full-time employee of a private-for-profit company
- works in the services sector [for example, as a teacher, truck driver, nurse, or child care worker (mostly self-employed)]; the wholesale/retail trade sector [for example, as a retail salesperson, sales supervisor (owner) or cashier] or the public administration sector [for example, as a law enforcement worker, general office clerk, secretarial worker or a highway maintenance worker]
- earns about $26,000 per year (2002 average wage per job)
- is married with a working spouse
- lives within 18 minutes of the workplace and does not carpool or take public transportation

Data from 2000 Census, Occupational Employment Statistics,
Covered Employment & Wages Report
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Population

2002



State Population

1960: 674,767
1970: 694,409
1980: 786,690
1990: 799,065
2000: 902,195
2002: 909,453

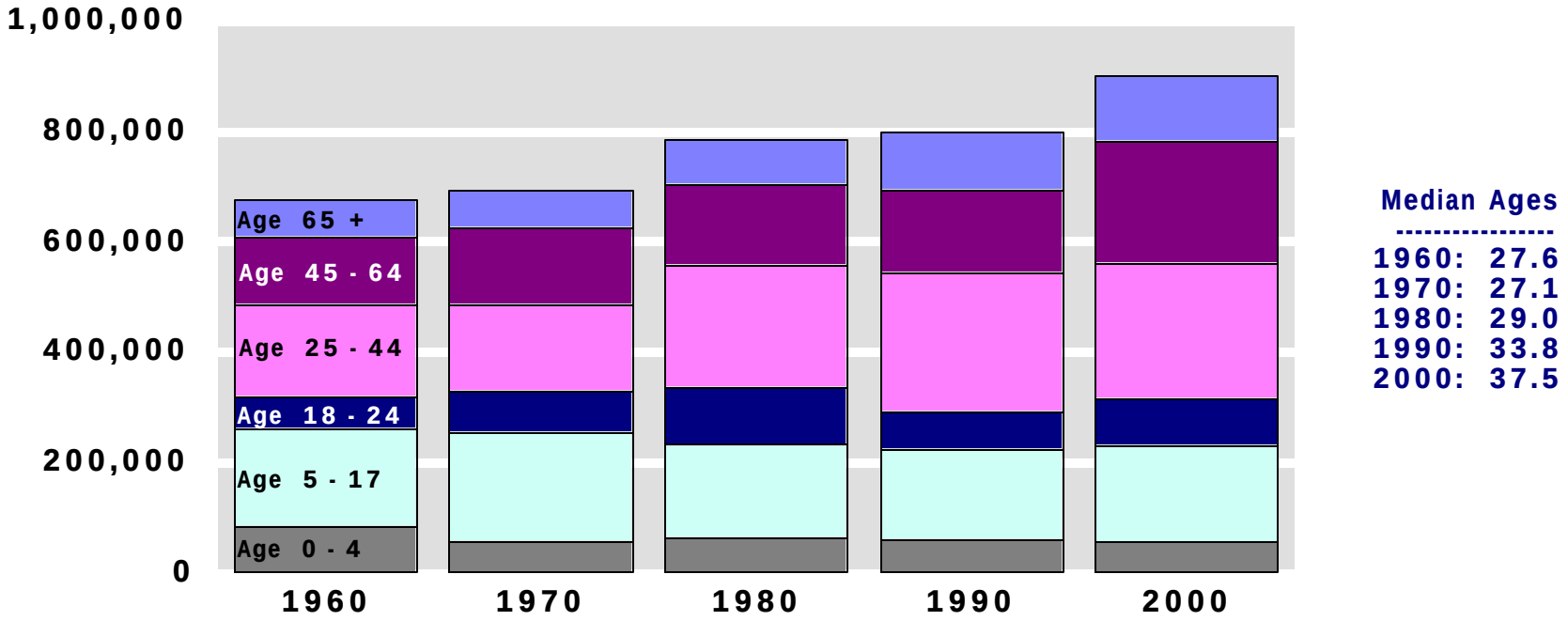
2001 - 2002 State Population Gain: +0.4%

Geographic Center of the State's Population 2000*

***Meaning the point at which Montana's population would balance, giving each person's location equal weight.**

Data from U.S. Bureau of the Census
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Age Distribution of the Population
Montana



The age group 45 - 64 is becoming much larger as the baby boom generation (age 35 - 53) gets older.

Data from U.S. Department of Commerce, Bureau of the Census
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

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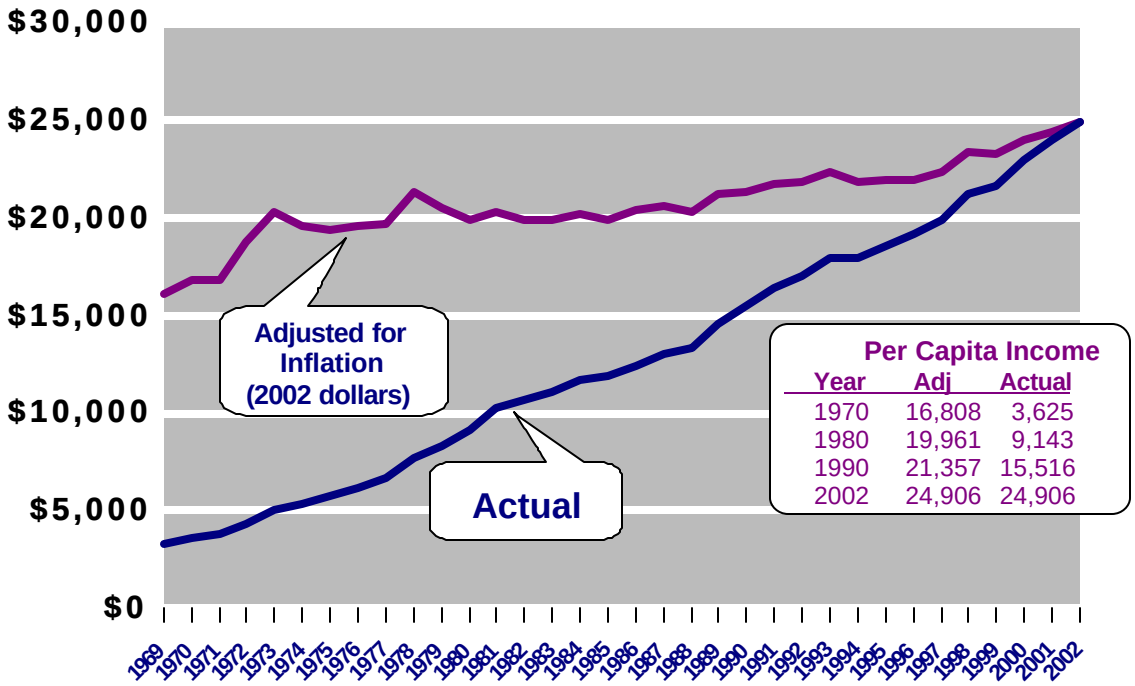
What We Earn

Per Capita Personal Income

Montana 1969 - 2002



Per Capita Income

Year	Adj	Actual
1970	16,808	3,625
1980	19,961	9,143
1990	21,357	15,516
2002	24,906	24,906

Personal Income Includes:

- wage & salary income
- employer contribution for fringe benefits
- self-employment income
- rental income
- personal dividends & interest
- transfer payments

Excludes:

- personal contributions for Social Security, capital gains, insurance claims proceeds, etc.

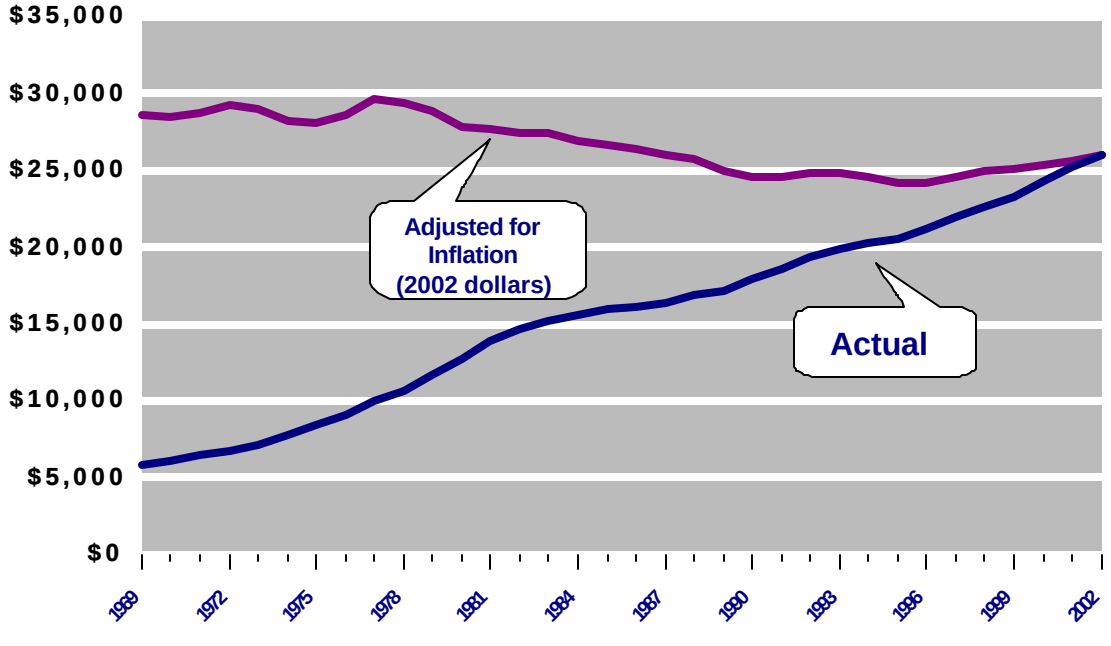
Personal income on a per capita (per person) basis is growing, even after adjusting for inflation.

Data from U.S. Department of Commerce, Bureau of Economic Analysis
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Average Annual Wage Per Job

Montana Covered Employment*

1969 - 2002



Year	Wage Adj	Wage Actual
1970	28,538	6,155
1980	27,858	12,760
1990	24,616	17,884
2001	25,593	25,195
2002	25,997	25,997

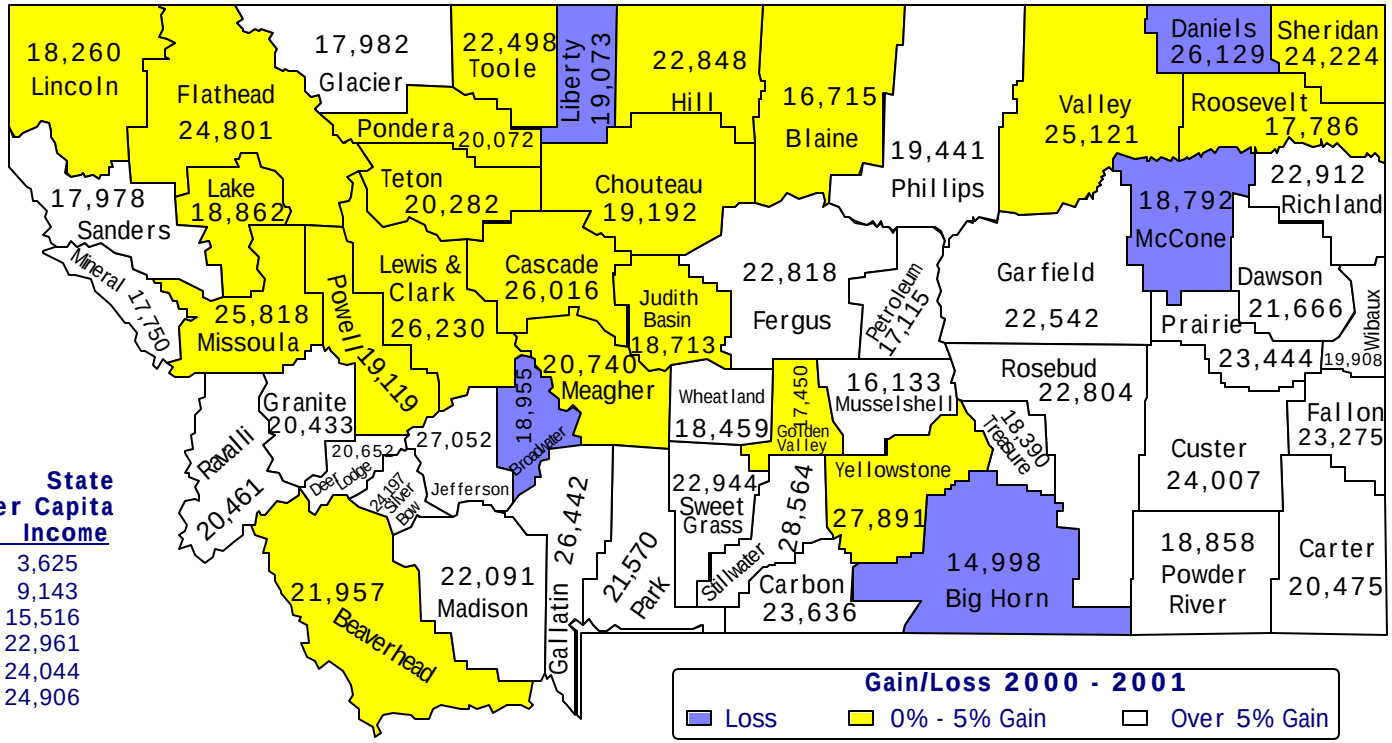
For 1977 to 1995, average wages for payroll jobs generally did not keep up with inflation; since 1995 annual increases have exceeded inflation.

*Covered employment includes government, but excludes railroads, self-employed and most ag employment.

Data from ES-202 (covered employment*) series
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau
2002 data are preliminary

Per Capita Personal Income

2001



Year	State Per Capita Income
1970	3,625
1980	9,143
1990	15,516
2000	22,961
2001	24,044
2002	24,906

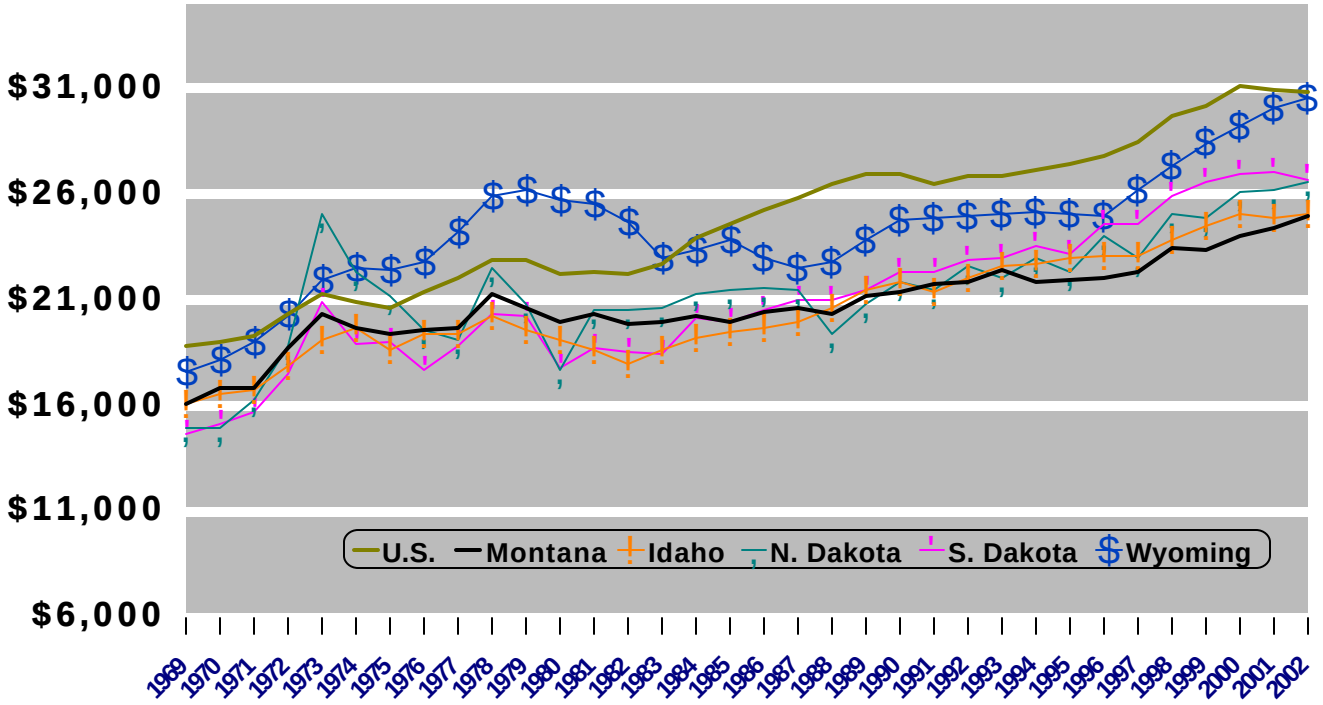
2001 State Per Capita Income increased 4.7% over 2000; 1.9% increase after adjusting for inflation.

- Highest: Stillwater $28,564
- Lowest: Big Horn $14,998
- Closest to State Average: Custer $24,007

2002 county per capita income data available May 2004
Data from U.S. Department of Commerce, Bureau of Economic Analysis
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Per Capita Personal Income

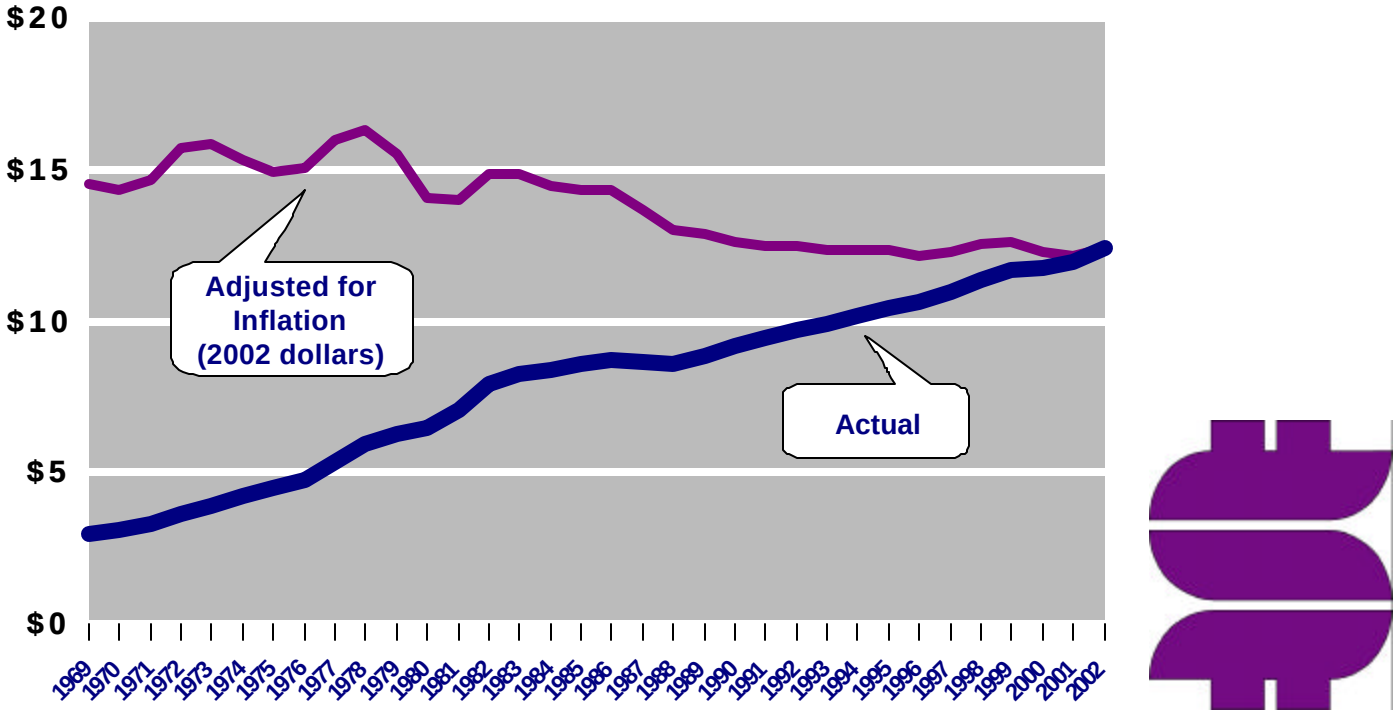
1969 - 2002 Adjusted for Inflation (2002 dollars)



Montana ranked 45th in the nation for 2002, according to preliminary data.

Data from U.S. Department of Commerce, Bureau of Economic Analysis
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Annual Average Hourly Earnings
Montana Private Nonfarm Nonsupervisory Jobs
1969 - 2002



When adjusted for inflation, private nonsupervisory workers' hourly wages showed a 29-cent increase between 2001 and 2002.

Data from Current Employment Statistics Series
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

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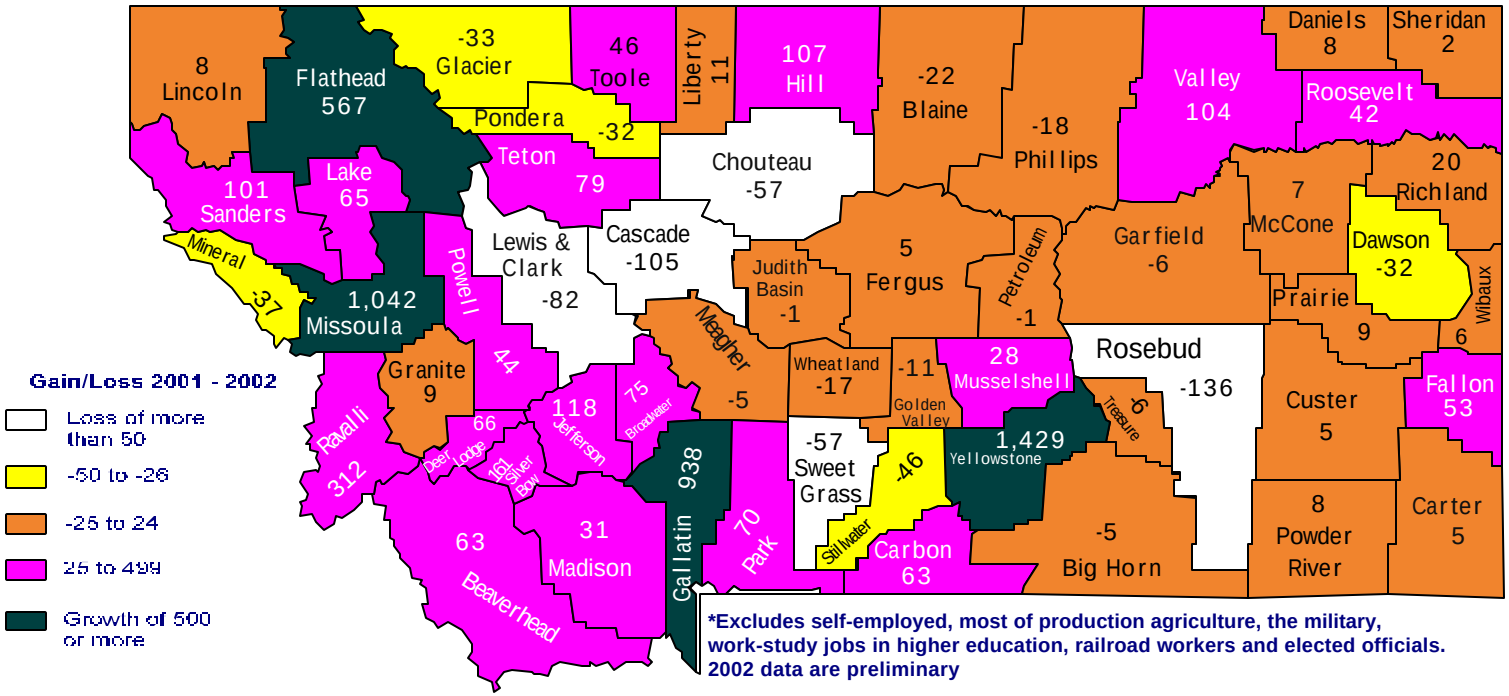
Where We Work

Growth in Covered Payroll Jobs*
2001 to 2002



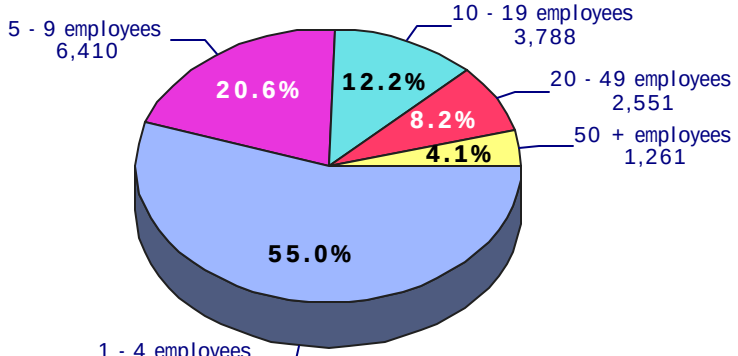
*Excludes self-employed, most of production agriculture, the military, work-study jobs in higher education, railroad workers and elected officials. 2002 data are preliminary

Total growth in covered payroll jobs in Montana from 2001 to 2002: 4,163; growth in covered payroll jobs not classified by county: -834

Data from ES-202 (covered employment*) series
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

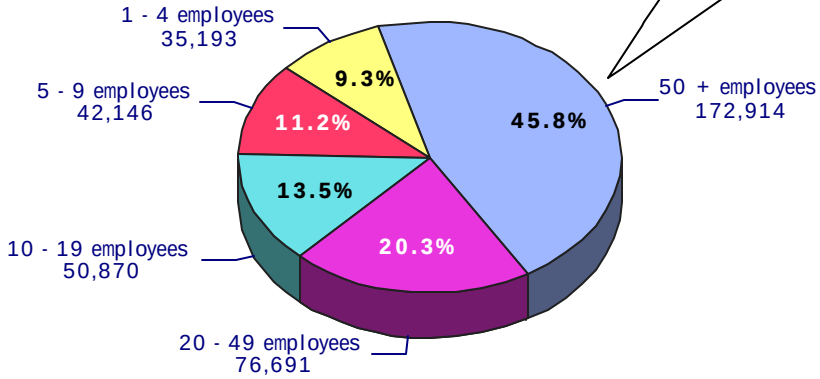
Montana Employment* by Work Site Size

Size Class Based on March 2002 Employment Data



Number of Business Work Sites

- Over half of Montana's business work sites have fewer than 5 employees.
- 88% of Montana's business work sites have fewer than 20 employees.
- Only 4.1% of Montana's business work sites have 50 or more employees.



Number of Employees

- Almost half of Montana's employees work at 4.1% of the work sites (those with 50+ employees).
- 66% of Montana's employees work at 12.3% of Montana's work sites.

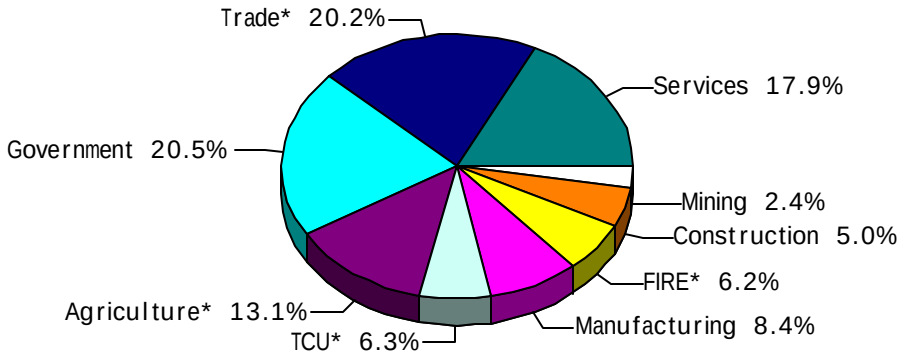
From March 2001 - March 2002, there was a net increase of 474 work sites and 709 employees.

***Covered employment includes government, but excludes railroads, self-employed and most agricultural employment.**

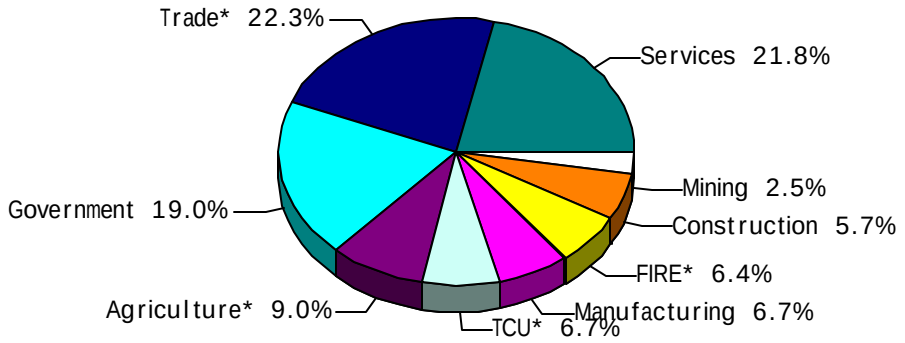
Data from ES-202 (covered employment*) series
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Montana Employment*

1970



1980



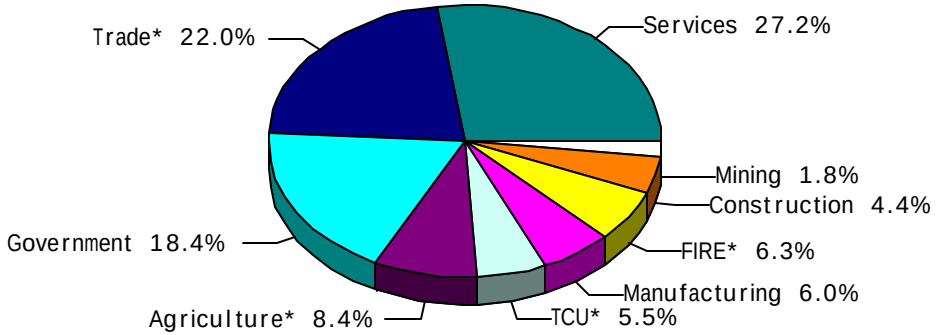
***Totals may not add due to rounding.**

Agriculture, Government and Manufacturing dropped as a percent of total employment between 1970 and 1980.

*Agriculture = Ag, Forestry, Fishing, Hunting
*FIRE = Finance, Insurance & Real Estate
*Trade = Wholesale/Retail Trade
*TCU = Transportation, Communications & Utilities

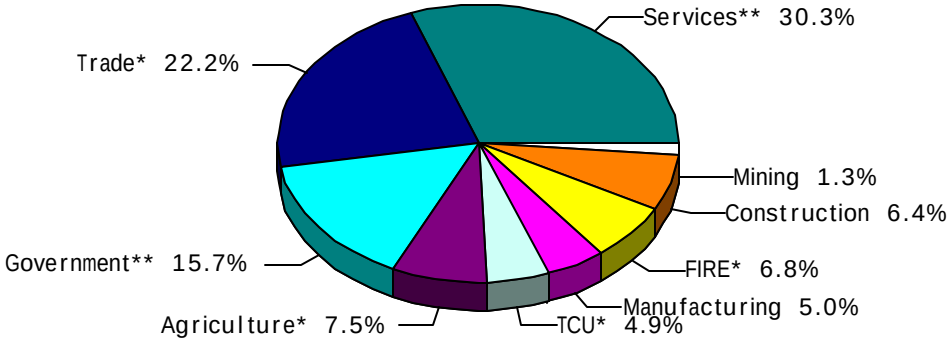
Data from U.S. Bureau of Economic Analysis, jobs include self-employment
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Montana Employment*



1990

2001



***Totals may not add due to rounding.**

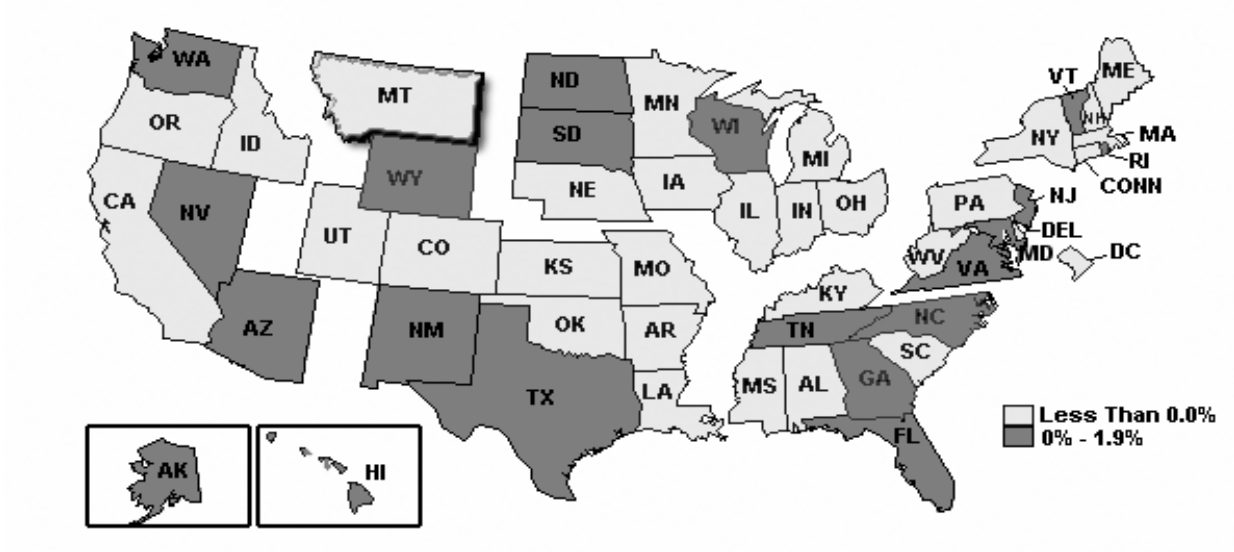
Agriculture, Government, Manufacturing, Mining & TCU employment dropped as a percent of total employment between 1990 and 2001.

*Agriculture= Ag, Forestry, Fishing & Hunting
*FIRE = Finance, Insurance & Real Estate
*Trade = Wholesale/Retail Trade
*TCU = Transportation, Communications & Utilities
**Tribal organizations were moved from Services to Government in 2001

Data from U.S. Bureau of Economic Analysis, jobs include self-employment
Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Percent Change in Total Nonag Employment

June 2002 - June 2003



Montana's nonagricultural payroll employment basically did not change from June 2002 to June 2003; it declined by only 200 jobs.

Data from Bureau of Labor Statistics, U.S. Department of Labor

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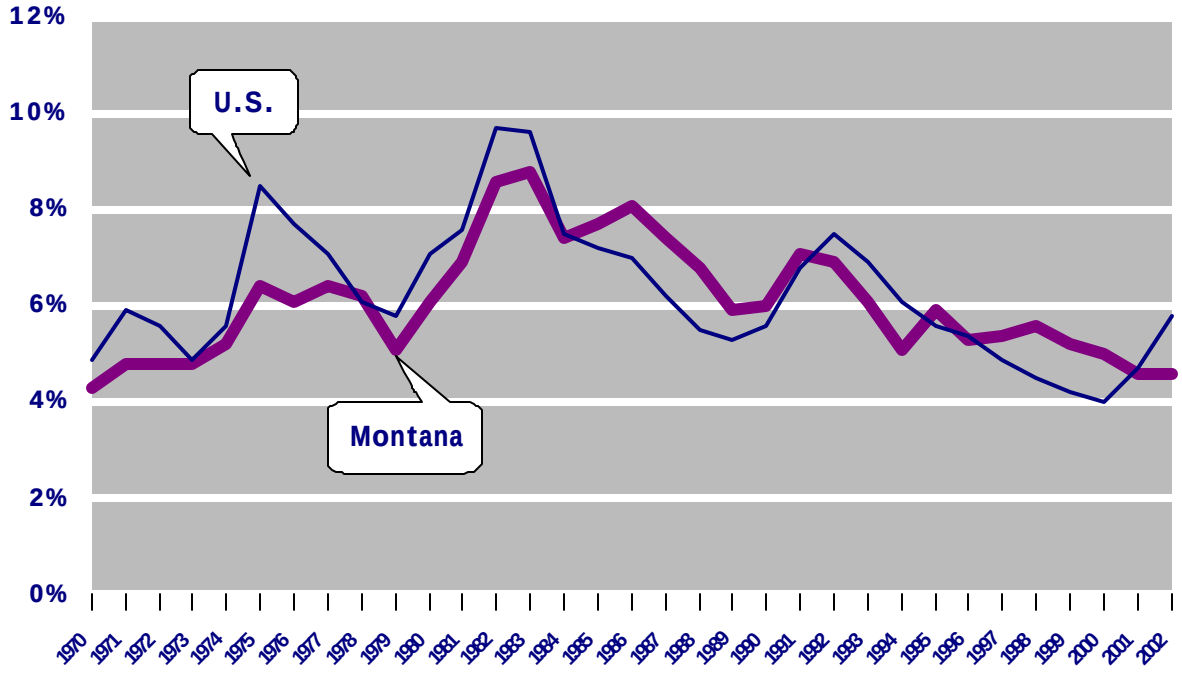
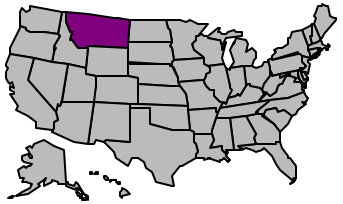
Challenges We Face

Annual Average Unemployment Rate
Montana and U.S.



Year	Montana	U.S.
1970	4.3%	4.9%
1980	6.1%	7.1%
1990	6.0%	5.6%
2002	4.6%	5.8%

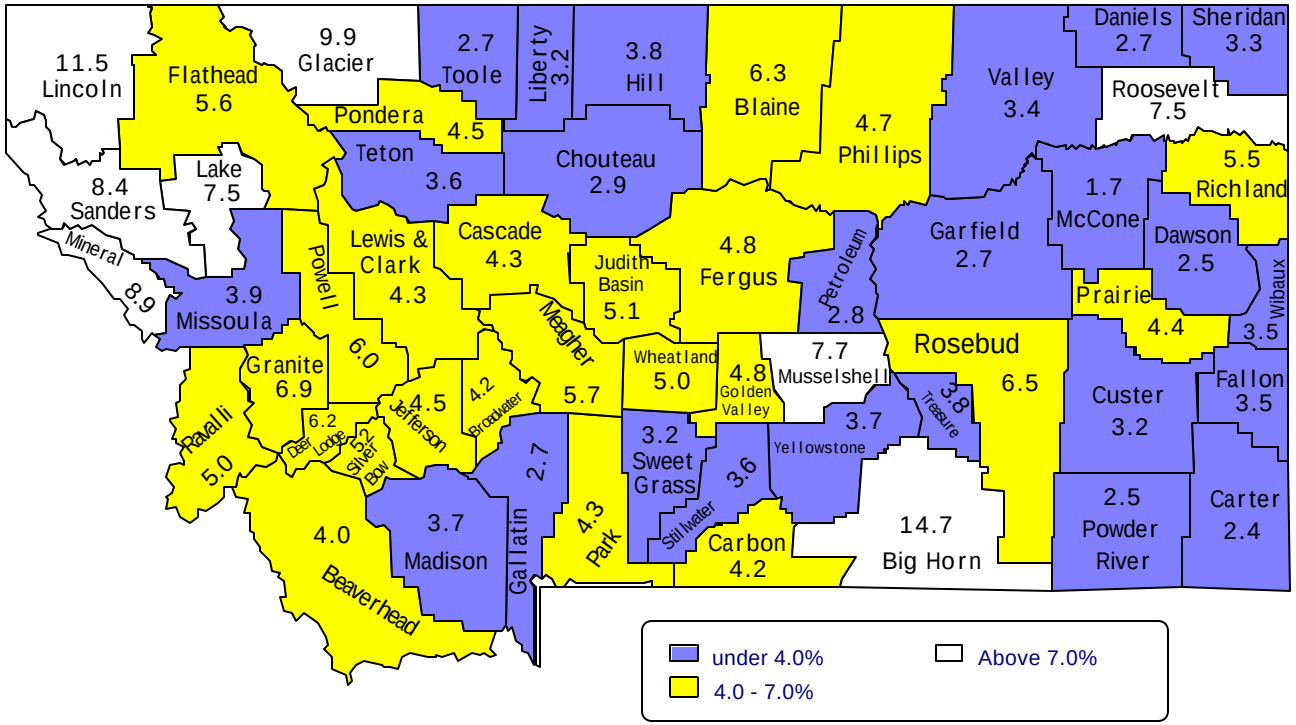


The Montana and U.S. unemployment rates have basically declined since the early 1980s.

Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

Annual Average Unemployment Rate

2002



8 counties showed high unemployment over 7%; 5 of the 8 counties are those with Indian Reservations.

Compiled by Montana Department of Labor & Industry, Research & Analysis Bureau

DEFINITIONS and PROGRAM DESCRIPTIONS

Census of Fatal Occupational Injuries

The Census of Fatal Occupational Injuries (CFOI) program, conducted in cooperation with the U.S. Department of Labor, is designed to collect information on all fatal occupational injuries.

Census of Population and Housing

The U.S. Department of Commerce, Bureau of the Census, conducts a national population census every 10 years. In 2000, every person and housing unit in the United States was asked certain basic demographic and housing questions (for example, race, age, marital status, housing value or rent). A sample of these persons and housing units was asked more detailed questions about such items as income, occupation and housing costs in addition to other demographic and housing information. The data derived from the sample questions are estimates of the actual figures which would have been obtained from a complete count. The Census uses the same definitions of civilian labor force (CLF) employment and unemployment as the Local Area Unemployment Statistics (LAUS) program. The ***experienced unemployed*** are defined as those unemployed persons who have worked at any time in the past.

Covered Employment Program (ES -202)

The ES-202 report (produced by the Montana Department of Labor and Industry, Research and Analysis Bureau, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics) provides jobs and payroll data reported to the Montana Department of Labor and Industry by employers subject to Montana's unemployment insurance laws. Normally these employers are those whose annual payrolls exceed $1,000 in a calendar year. Agricultural employers are not covered unless they have another business that is covered or pay total cash wages of $20,000 or more in a calendar quarter or employ 10 or more workers in 20 different weeks in a calendar year. A ***work site*** is a single physical location at which one type of economic activity is predominantly performed. Employers who operate at two or more locations are requested to identify separately the employment and payrolls of each location, and each is classified as a separate work site.

Current Employment Statistics (CES -790)

The Current Employment Statistics (CES) program, conducted by the Montana Department of Labor and Industry, Research and Analysis Bureau, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, provides monthly estimates of a wide variety of employment and earnings information. The program estimates jobs by place of work (***establishment data*** or a ***count of jobs***) and covers full-time and part-time employees who worked during, or received pay for, the payroll period that includes the 12th of the month. Because this information comes from a survey of employers, persons who work for two different companies would be counted twice. Thus, nonagricultural employment is actually a count of the number of jobs filled, rather than the number of persons employed. CES data excludes the self-employed, production agriculture, volunteers, unpaid family workers and domestic workers. Persons who are on paid sick leave, vacations or holidays are considered employed. Payroll and worker-hour data are collected for private nonfarm production wage and salary workers. (***Nonfarm production wage and salary workers*** are employees who are nonsupervisory and related workers in manufacturing industries or nonsupervisory workers in private service-producing industries, construction and mining industries. Self-employed, owners and partners of unincorporated businesses, persons working in small agricultural operations, unpaid family members, workers on straight commission, some elected officials and domestic employees are excluded.) Earnings figures are "gross" figures – that is, they reflect changes in hourly wage rates. The payroll data includes pay for overtime, shift premiums, holidays, vacations and sick leave. The payroll data excludes bonuses and fringe benefits. The hours figures relate to the hours for which pay was received, which is different from scheduled or standard work hours.

Local Area Unemployment Statistics (LAUS)

The LAUS program is operated by the Montana Department of Labor and Industry, Research and Analysis Bureau, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics (BLS). In Montana, the program uses a statistical model, with data collected monthly through the Current Population Survey (CPS) as its major component, to compute statewide labor force, employment and unemployment data. The LAUS program is the official BLS-approved series used to allocate federal funds and determine eligibility for federal assistance programs. It estimates employment and unemployment by place of residence (***residence data*** and a ***count of people***) and is not comparable to the place-of-work (establishment and count of jobs) data from the CES and ES-202 programs. LAUS data is calculated for the week that includes the 12th of the month. Total ***employment*** includes agricultural workers, unpaid family workers, domestic workers and the self-employed in addition to nonfarm wage and salary workers. The ***civilian labor force*** is those persons 16 years and older, defined as employed or unemployed, excluding members of the armed forces. ***Employment*** is defined as the number of people who, during the reference week, worked at least one hour for pay or profit, or 15 hours or more as unpaid family workers. ***Employment*** includes those who, although not working, had some job attachment and were not looking for work – including persons temporarily absent from a job due to illness, bad weather, vacation or labor dispute, whether or not they were in a pay status during their time off. ***Unemployment*** is defined as the number of people who did not work at all for an entire week, were both able and available to work, and (1) were looking for work or (2) would have looked for work, except that (a) they were waiting to return to a job from which they had been laid off, or (b) they were waiting to report to a new wage and salary job scheduled to start within the following 30 days (and were not in school during the week). The ***unemployment rate*** is the number of unemployed as a percent of the civilian labor force.

Occupational Employment Statistics (OES)

The OES survey is an annual mail survey (conducted by the Montana Department of Labor and Industry, Research and Analysis Bureau, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics) that measures occupational employment and wage rates for wage and salary workers in nonfarm establishments covered by unemployment insurance. The Research and Analysis Bureau uses these data to develop occupational projections for nonfarm wage and salary workers.

Per Capita Personal Income

Per capita personal income (average income per person) is defined as annual total personal income of residents divided by the resident population as of July 1 of each year. **Personal income** is income received by persons – private and government wage and salary disbursements (payrolls), other labor income (basically, employer contributions for fringe benefits), farm and nonfarm proprietors' (self-employment) income, rental income of persons, personal dividend income, personal interest income, and transfer payments – less personal contributions for social security and other social insurance. Personal income is measured before the deduction of personal income taxes and other personal taxes, and, unless otherwise noted, is reported in current dollars with no adjustment made for price changes.

Survey of Occupational Injuries and Illnesses (OSH Program)

The Survey of Occupational Injuries and Illnesses is an annual survey conducted in cooperation with the U.S. Department of Labor to compile occupational injury and illness statistics. Excluded from the survey are self-employed individuals, farmers and ranchers with fewer than 11 employees, private households employing domestic workers, and independent mining contractors. Employers regulated by other federal safety and health laws, and all local, state and federal government agencies are also excluded.

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Bob Rafferty, Bureau Chief
Research and Analysis Bureau
Workforce Services Division
Montana Department of Labor and Industry